

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Briggs Analyst: Jeff Garnier Bill Number: AB 76XX

Related Bills: See Prior Analysis Telephone: 845-5322 Amended Date: August 20, 2001

Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Hot Water Recirculating System Credit

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced

☒ AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.

☒ FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED July 19, 2001 STILL APPLIES.

OTHER - See comments below.

SUMMARY

This bill would provide a credit equal to 50% of the costs, not to exceed \$600 per structure, of a hot water recirculating system.

SUMMARY OF AMENDMENTS

Prior to the August 20, 2001, amendments, the bill would have limited the credit to \$600 per taxpayer. The amendment changed the limitation to \$600 **per structure** for individual and other non-corporate taxpayers under the Personal Income Tax Law (PITL). Thus, individual taxpayers may claim the credit on multiple structures. The August 20, 2001, amendments also define the term "structure."

The August 20, 2001 amendments do not make similar changes for corporate taxpayers under the Bank and Corporation Tax Law (B&CTL). Therefore, the credit is limited to \$600 **per taxpayer** for B&CTL taxpayers.

Except for the above discussion, "TECHNICAL CONSIDERATIONS" and "ECONOMIC IMPACT," the department's analysis of the bill as amended July 19, 2001 still applies.

POSITION

Pending.

Board Position:

<input type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR
<input type="checkbox"/> N	<input type="checkbox"/> OUA	<input checked="" type="checkbox"/> PENDING

Legislative Director

Date

Brian Putler

09/14/2001

TECHNICAL CONSIDERATIONS

The definition of “structure” provided in this bill would require research in order for the reader to understand the definition. This bill states:

“a structure as described in subdivision (a) of Section 105...”

Section 105(a) of the Revenue and Taxation Code reads:

105 “Improvement” includes:

(a) All buildings, structures, fixtures, and fences erected on or affixed to the land.

Section 105 is under Division I of the Revenue and Taxation Code, which covers Property Taxation. Section 105 uses, but does not define, “structure.” Therefore, in order to determine how the term “structure” is described under Property Taxation Law, one must analyze that law for the reader to understand the definition.

Also, because the term “improvements” under Section 105 includes buildings, structures, fixtures, and fences, it appears structures are separate and distinct from buildings.

The author may wish to clarify the definition of structure.

The author may wish to amend the B&CTL to match the limitations set forth in the PITL.

ECONOMIC IMPACT

Due to the issues detailed under “TECHNICAL CONSIDERATIONS,” the department is unable to provide a revenue estimate for this proposal until clarification is received.

LEGISLATIVE STAFF CONTACT

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